In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10
Notice of administrator's progress report

Companies House

WEDNESDAY

A8JL8MNM
A06 04/12/2019 #183
COMPANIES HOUSE

1 Company details

Company number	0 3 6 7 4 3 7 2
Company name in full	HW Architectural Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Adrian Peter
Surname	Berry

3 Administrator's address

Building name/number	1 City Square
Street	Leeds
Post town County/	West Yorkshire
Region	
Postcode	L S 1 2 A L
Country	

4 Administrator's name ❶

Full forename(s)	Clare
Surname	Boardman

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	1 City Square
Street	Leeds
Post town County/	West Yorkshire
Region	
Postcode	L S 1 2 A L
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM10
Notice of administrator's progress report

6	Period of progress report
From date	08 05 2018
To date	07 11 2019

7	Progress report
	☑ I attach a copy of the progress report

8	Sign and date
Administrator's signature	Signature X [signature] X
Signature date	03 12 2019

Deloitte.

Court Case No. 003075 of 2019
High Court of Justice
Company Number: 03674372

Registered Office:
c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

HW Architectural Limited (In Administration)("the Company")

Progress report to creditors for the period 08 May 2019 to 07 November 2019 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

Adrian Peter Berry and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of HW Architectural Limited on 08 May 2019 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

03 December 2019

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Key messages

Key messages

Joint Administrators of the Company

Adrian Peter Berry

Clare Boardman

Deloitte LLP

1 City Square

Leeds

LS1 2AL

Contact Details

Email: naheer@deloitte.co.uk

Website: www.ips-docs.com

Tel: 0121 695 5250

	Commentary
Purpose of administration	• The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Progress of administration	• Trading ceased on our appointment on 8 May 2019. Subsequently, a sale of the business and assets to an unconnected party, Heywood Williams Architectural Limited ("Newco"), was completed on 31 May 2019. Please refer to page 5 for further details. • Further assets including book debts, cash at bank and WIP have been realised as detailed on page 5.
Costs	• Our time costs for the period of the report are £469k. Please see page 13 for further detail. • We have incurred disbursements of £2k in the report period. Please see page 15 for further detail. • Third party costs and expenses of £36.8k have been incurred in the report period. Please see page 7 for further detail.
Outstanding matters	• Conclude debt recovery collections with the assistance of Newco. Given the contractual nature of the debts, some of which include retentions, this process will be time intensive. • Prepare for and make distributions to preferential creditors. • Prepare for case closure and conversion to creditors' voluntary liquidation.
Dividend prospects	• At the date of our appointment there was no outstanding balance to the secured creditors. • Preferential creditors will be paid in full. • We anticipate that there may be sufficient funds to enable a small distribution for unsecured creditors.
Extension to administration period	• We do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 7 May 2020.

Progress of the administration

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Progress of the administration
Summary

Work done during the report period

Sale of business

Immediately following our appointment, we undertook an assessment of the Company's financial affairs to establish whether we would be able to continue to trade the Company's business within the administration.

Unfortunately, due to the contractual nature of the Company's business and the cash required to trade, we concluded that trading was not viable and therefore our realisation strategy would be to wind down the Company's business in an orderly fashion. Unfortunately, this meant that there would be the immediate redundancy of the majority of the 84 employees.

Notwithstanding the decision not to trade the business, the Joint Administrators were approached by a number of parties interested in acquiring the business and assets of the Company. The majority of interest was in the plant and equipment, order book and certain work in progress.

One of these parties was also interested in re-starting the business on a scaled down basis. This interested party was also prepared to assist the Joint Administrators in the collection of book debts, which could involve (in certain circumstances) attending to existing contractual defects, which the Joint Administrators considered could enhance trade debtor realisations.

Therefore, on 31 May 2019 the business and assets of the Company were sold to Heywood Williams Architectural Limited ("Newco"), a new company set up by the interested party to acquire the business and assets. The details of the sale are confidential, however, the consideration received is included in the receipts and payments account on page 8. As noted above and further discussed opposite, future benefit from this transaction is expected via enhanced debtor realisations.

Licence to occupy

The Joint Administrators granted Newco a licence to occupy the Company's leasehold premises for a period of three months from 31 May 2019. This was subsequently extended to 30 September 2019, at which point the premises were vacated.

Newco has paid £88.7k to the Joint Administrators in relation to the rent and rates payable for the period of Newco's occupation. Of this amount, rent of £66.7k has been paid to the landlord. The remainder relates to rates which will be paid shortly.

Asset realisations

Chattel assets

As at the date of appointment the Company owned a quantity of tangible assets including plant and machinery, fixtures and fittings and other items across its trading premises, with a combined book value of £61k. An independent valuer, Sanderson Weatherall LLP, was instructed to value and advise on the optimal disposal strategy for these assets.

All of the plant and machinery was unencumbered and was subsequently sold to Newco under the sale of the business and assets agreement.

Books debts/retentions

As at the date of our appointment, the Company's sales ledger showed pre-appointment book debts/retentions of £1.1m. The directors estimated £370k to be realisable. At the time of the transaction with Newco, we had collected £96.3k from debtors/retentions. Newco is assisting with collection of the remaining debtors/retentions and a further £32.5k has been received during the period.

Under the sale of business agreement, Newco will attend to certain defects that may arise on pre-existing contracts, which the Joint Administrators believe will reduce the risk of debtor disputes and enhance realisations.

Work in progress ("WIP")

We have sold £31.8k of stock and WIP in relation to a small number of orders/contracts in place on appointment.

The remaining stock was sold to Newco under the terms of the sale of the business and assets agreement.

Work done during the report period

Cash at bank

On appointment the Company held £61k in the companies bank accounts, these funds were swept to the Joint Administrators bank account on appointment.

Prepayments

Prior to our appointment the Company made prepayments towards assets including rents, royalties or licence fees. Since our appointment £853 has been refunded to the administration estate.

Grant repaid

Funds of £2k have been repaid from Kirkdale Industrial Training services LTD in respect of an apprenticeship grant.

Director conduct report

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 30 July 2019.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

Having completed this review no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the insolvency website for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals;
- *Appointment notifications, including notifying the* relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Progress of the administration
Summary

Third party costs incurred during the report period

The following third party expenses have been incurred during the report period:

Legal costs – we have instructed Walker Morris LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare required legal documentation in relation to:

- Review of validity of the Joint Administrators' Appointment;
- Preparation of, and advice in relation to, the sale and purchase agreement for the sale of the Company's business and assets (detailed previously in this report); and
- Other general advice in relation to matters arising in the administration, including dealing with the licence to occupy and landlord matters.

To date their billed costs have amounted to £14.8k (plus VAT) and they have estimated that their further fees will be in the region of c.£5k (plus VAT).

Agents' costs – we instructed SW, a firm of agents with the appropriate expertise and experience, to assist in the following matters:

- Value the Company's assets, advise on the optimal disposal strategy for such assets, and prepare for a sale of the assets.
- SW fees to date are £6.2k (exclusive of VAT and disbursements) which have been paid.

Quantity Surveyor costs – we have instructed Leslie Keats Limited ("LK"), a firm of quantity surveyors with the appropriate expertise and experience to assist in the following matters:

- Assessment of the Company's debtor ledger at the date of our appointment, including assistance in collecting debtor receipts; and
- Monitor the ongoing collection of debtors to be carried out by Newco.
- To date LK has billed £9.7k (plus VAT) and LK has estimated that future fees will be in the region of £2k (plus VAT) per month.

As part of the sales agreement Newco were instructed to assist in the recovery of book debts, for which they would receive a commission. To date £6.1k has been paid to Newco.

All professional costs are reviewed by the Joint Administrators and analysed in detail before payment is approved or made.

In addition to the rent paid under the licence to occupy (£66.7k as detailed on page 5), we have also paid £2.7k rent to the landlord in relation to the Company's occupation of the premises during the administration, prior to the sale of the business and assets to Newco.

Progress of the administration

Receipts and payments

Joint Administrators' receipts and payments account
08 May 2019 to 07 November 2019

£	SoA values	Notes	To date
Receipts			
Goodwill	-		10,000
Plant & Machinery	*80,000*		80,000
WIP & Stock	*40,000*		41,750
Book Debts	*370,164*		129,012
Cash at Bank	*64,888*		61,006
Prepayments	-		853
Grant Repaid	-		2,000
Bank Interest Gross	-	A	348
Sundry Refund	-		250
Rent and rates received under licence	-	B	88,675
Total receipts	*555,052*		**413,894**
Payments			
Wages and Salaries			22,676
Employee Expenses			360
Motor Vehicles			507
Rent		B	69,406
Administrators' Pre appt fees			12,420
Administrators' Fees			162,580
Administrators' Expenses			1,612
Agents'/Valuers' Fees			15,916
Legal Fees			14,804
Debt Collection Commission			6,074
Storage Costs			466
Postage & Redirection			506
Statutory Advertising			87
Bank Charges			624
Total payments			**308,039**
Balance			**105,855**
Made up of:			
Balance held in interest bearing bank account		A	81,620
VAT Receivable		C	24,236
Balance in hand			**105,855**

A receipts and payments account is provided opposite, detailing the transactions during the report period from 08 May 2019 to 07 November 2019.

Notes to receipts and payments account

A - All funds are held in an interest bearing account. The associated corporation tax on interest received has been/will be accounted for to HM Revenue & Customs.

B - Funds totalling £88,675 were received from Newco in accordance with the licence to occupy. £66,667 has been paid to the landlord in relation to rent incurred during Newco's period of occupation. The balance relates to rates payable, which will be paid shortly.

C - All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration
Pre-administration costs

Pre administration costs

The following work was undertaken in the period prior to our appointment as detailed in the proposals:

- Contingency Planning;
- Develop a strategy for the administration appointment; and
- Completion of the appointment documentation.

Our costs were £12,420.

These costs were approved by creditors on 11 July 2019 and have been drawn as shown in the receipts and payments account on page 8.

Information for creditors

Outcome 11

Information for creditors

Outcome

Outcome for creditors

Secured creditors

At the date of our appointment the Company's records showed that Lloyds Bank and Lloyds CF held fixed and floating charges over the Company's assets, granted by the Company in February 2001 and May 2017 respectively. However, at the date of our appointment there was no outstanding debt to either Lloyds Bank or Lloyds CF. There are therefore no secured creditors.

Preferential creditors

To date we have received 36 preferential claims totalling c.£19.1k, which is line with expectations. On present information it is likely that these claims will be paid in full. Payment to the preferential creditors will be made once the claim from the redundancy payment office is received.

Prescribed Part

As the Company has no secured creditors the Prescribed Part provisions will not apply to this case.

Unsecured creditors

Based on present information, sufficient funds may be realised to enable a small dividend to be paid to unsecured creditors.

Any distribution to the unsecured creditors will be made through a creditors' voluntary liquidation.

Claims process

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Extensions to the administration

We do not anticipate that it will be necessary to extend the period of the administration, which is due to end on or before 08 May 2020.

Exit

As detailed in our Proposals, we consider a creditors' voluntary liquidation to be the most appropriate exit route from administration, to enable a distribution to unsecured creditors.

Remuneration and expenses

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Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed on 11 July 2019 by the creditors by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

Fees drawn to date

Time Costs

We have drawn fees of £162,580 as shown in the receipts and payments account on page 8.

Time costs - analysis of actual against budget

Please refer to page 14 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointment.

Our total time costs to 7 November 2019 are £469k made up of 777.8 hours at a blended charge out rate of £603 per hour across all grades of staff.

Time costs have exceeded budget - excess fee request will not be made

Our actual time costs are thus higher than we anticipated for the reasons set out below:

- Additional time spent in relation to the licence to occupy / landlord issues.
- Extra support has been provided to employees who were made redundant. This work was carried out by specialists from our Employment Rights Act Team.
- Higher than anticipated volume of creditor queries.

Although our actual time costs to date are higher than we anticipated, we do not intend to draw fees in excess of £300k, as reported in our proposals.

Fees Estimate and Joint Administrators' time costs for the period of the report and for the entire period of the appointment

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	27.0	590	15,930	40.3	444	17,866
	Case supervision	42.1	637	26,800	69.5	781	54,231
	Case reviews	5.2	511	2,656	2.0	908	1,815
	Case closure matters	7.0	454	3,180	-	-	-
Statutory & compliance	Compliance & IPS diary	23.0	567	13,040	11.9	597	7,105
	Insurance	1.5	430	645	1.5	603	905
	General reporting	45.0	507	22,830	38.5	645	24,828
	Regulatory & other legislation	5.0	510	2,550	-	-	-
Initial actions	Appointment matters	4.0	796	3,185	3.0	1,010	3,030
	Securing assets	21.9	678	14,848	16.7	851	14,215
	Notifications	10.5	505	5,303	6.0	628	3,765
Investigations	CDDA reporting	7.0	530	3,710	27.5	520	14,287
	Investigations	8.5	564	4,795	-	-	-
Total of above categories		**207.7**	**575**	**119,471**	**216.8**	**655**	**142,046**
Taxation	Tax	11.7	480	5,590	0.2	995	199
	VAT	13.8	519	7,158	9.0	595	5,345
Asset realisations	Third party assets	6.7	668	4,475	10.8	630	6,778
	Book debts	104.9	705	73,962	65.5	784	51,303
	Chattel assets	35.0	687	24,007	35.9	628	22,545
	Other assets	4.0	650	2,600	1.8	572	1,029
	Property	6.6	657	4,339	18.0	696	12,493
	Retention of title	14.9	686	10,229	14.3	694	9,925
	Sale of business	83.7	747	62,512	81.0	685	55,470
Trading	Day 1 control of trading	14.5	654	9,480	14.5	618	8,955
	Ongoing trading	17.0	679	11,543	16.5	643	10,615
Employees	Consultation	5.5	560	3,080	2.5	590	1,475
	Correspondence	136.5	465	63,473	159.4	475	75,781
	Pensions	1.8	465	837	-	-	-
Correspondence	Creditors	60.6	397	24,069	129.9	485	62,993
	Shareholders	0.1	465	47	-	-	-
	Press & media queries	3.0	995	2,985	2.0	1,010	2,020
Distributions	Preferential creditors	23.3	376	8,755	-	-	-
	Unsecured creditors	37.7	306	11,555	-	-	-
Total fees estimate		**788.9**	**571**	**450,164**	**777.8**	**603**	**468,970**

Remuneration and expenses
Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not yet recovered our disbursements in full.

AS you can see below are disbursements are in line with the estimates provided in our Proposals.

Category 2 Disbursements

Specific approval is required before these costs and expenses can to be drawn from the administration estate and was given by unsecured creditors on 11 July 2019.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Accommodation	1,000	816	727	89
Travel	750	707	680	27
Telephone	50	20	20	-
Subsistence	100	69	64	5
Bond	230	230	-	230
Postage	-	22	-	22
Total disbursements	**2,130**	**1,864**	**1,492**	**373**

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Mileage	100	185	120	65
Total disbursements	**100**	**185**	**120**	**65**

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

Deloitte.

AM10
Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Narinder Aheer
Company name	Deloitte LLP
Address	Four Brindleyplace
	Birmingham
Post town	
County/Region	
Postcode	B 1 2 H Z
Country	
DX	
Telephone	+44 121 632 6000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse